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Telephone (801) 538-3872

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH**

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

RESPONDENT:

LIFE INSURANCE COMPANY OF THE
SOUTHWEST

1300 W. Mockingbird Lane
P.O. Box 569080
Dallas, TX 75356-9080
Utah Org. Id. No. 455

**STIPULATION
&
ORDER**

2005-124 LF

Docket No. _____

Enf. Case No. 1711

RE _____

NOV 04 2005

**UTAH STATE
INSURANCE DEPT.**

STIPULATION

1. Respondent, Life Insurance Company of the Southwest, is an insurer domiciled in the State of Texas, authorized to do an insurance business in the State of Utah, Utah Organization Identification No. 455.

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:

a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

b. Respondent admits the Findings of Fact and Conclusions made therefrom;

c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

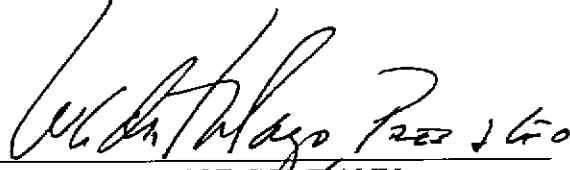
3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.


5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 1st day of NOVEMBER, 2005.



LIFE INSURANCE COMPANY
OF THE SOUTHWEST
Wade Mayo, President and CEO



UTAH INSURANCE DEPARTMENT
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

FINDINGS OF FACT

1. During the period of about February 2003 through April 2005, Respondent, through its appointed agents in the State of Utah, sold and delivered to residents of the State of Utah 24 annuity contracts on forms that were not filed with the commissioner.

2. Said annuity contracts did not comply with the Utah Standard Non-forfeiture Law in that the contracts had higher surrender charges or charges covering a longer period of time than those allowed under Utah law.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. In using, selling or offering for sale a form that had not been filed with the commissioner, Respondent committed 24 violations of Utah Code Annotated § 31A-21-201(1).

2. Pursuant to Utah Code Annotated § 31A-21-107, provisions in an insurance policy or contract that are not in compliance with the provisions of the Utah Insurance Code shall be construed and applied as if the policy was in full compliance with the Utah Insurance Code.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

ORDER

IT IS HEREBY ORDERED:

1. Respondent is assessed an administrative forfeiture in the amount of \$2,400.00, to be paid within 30 days of the date of this Order.

2. Within 30 days of the date of this Order, Respondent shall notify the holders of the non-compliant annuity contracts that they have purchased a non-compliant contract and have an option to cancel the annuity contract and receive a return of all premiums paid at three percent (3%) rate of interest, or they may retain the annuity contract and have the surrender charge provisions amended to shorten or reduce them to comply with Utah law, with all other provisions remaining the same. Said notice shall be in such form and content as approved by the department. The Respondent shall provide a period of at least 30 days after the date the notice is mailed for the holder of the annuity contract to choose the option to cancel the annuity contract and receive a return of premium plus interest; otherwise the contract shall be amended to comply with Utah law.


NOTIFICATION

Respondent is hereby notified that failure to abide by the terms of this Order may subject it to further penalties, including additional forfeitures of up to \$5,000.00 per violation and the suspension or revocation of its license, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.

DATED this 22nd day of November, 2005.

D. KENT MICHIE
INSURANCE COMMISSIONER


MARK E. KLEINFELD, Esq.
Administrative Law Judge
Utah Insurance Department
State Office Building, Room 3110
Salt Lake City, Utah 84114
Telephone (801) 538-3800

CERTIFICATE OF MAILING

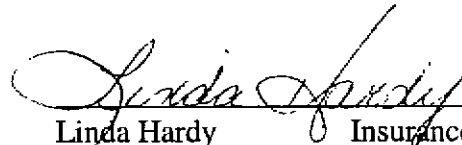
I do hereby certify that on this date I mailed, by regular mail, postage prepaid, a true and correct copy of the attached:

**STIPULATION
&
ORDER**

To the following:

***LIFE INSURANCE COMPANY OF THE SOUTHWEST
1300 W. MOCKINGBIRD LANE
P.O. BOX 569080
DALLAS, TX 75356-9080***

DATED this 23rd day of November, 2005


Linda Hardy Insurance Technician
Utah Department of Insurance
State Office Building, Room 3110
Salt Lake City, UT 84114-6901
(801) 538-3813

Invoice**Due Date** 12-21-2005**Amount Due**

\$2,400.00

Invoice ID 266368**Payor ID** 455**Total Amount Remitted**

\$

Make Checks Payable To:

Utah Insurance Department**3110 State Office Building****Salt Lake City, UT 84114-6901**

LIFE INSURANCE COMPANY OF THE SOUTHWEST
P O BOX 569080
DALLAS TX 75356-9080

Invoice ID 266368**Payor ID** 455**Invoice Print Date** 11-23-2005**Items:**

11-23-2005 Monetary Penalty Company

2,400.00

Amount Due..... \$2,400.00